

IRS ISSUES WINTER STATISTICS OF INCOME BULLETIN

WASHINGTON --The Internal Revenue Service estimates that the number of tax returns to be filed this year will reach 228.2 million, increasing to 245.2 million six years from now. About 23 percent of the 126.1 million individual income tax returns expected in 1999 should be filed electronically, increasing to 33 percent of the 135.2 million expected in 2005. These data are published in the Winter 1998-1999 issue of the quarterly *Statistics of Income Bulletin*, just released.

A second article reports that for Tax Year 1996, there were 1,523,407 individual income tax returns with an adjusted gross income, (AGI) of \$200,000 or more. This was 20 percent more than for 1995. Due to a combination of statutory adjustments and allowable deductions and tax credits, 1,044 of these returns showed no U.S. income tax liability, compared to 998 the year before. Overall, though, a large proportion of high-income taxpayers were subject to tax on a major share of their incomes for 1996 and reported substantial amounts of tax. For example, tax on 56 percent of these high-income returns exceeded 25 percent of income. All statistics on high-income taxpayers are based on tax returns not yet subject to examination by IRS.

Another article provides early indications of what final statistics on individual income tax returns for Tax Year 1997 will show. AGI reported on returns filed during the first four months of 1998 was 8.5 percent more than 1996 and totaled \$4,311.1 billion. Besides the usual increase in salary and wage income, there was a 23 percent increase in net capital gains over 1996 to \$250.4 billion. Incomplete data for 1997 also show that taxpayers itemizing their deductions numbered 32 million, 5 percent more than 1996. The amounts they deducted totaled \$535 billion, up 11 percent. The deduction for interest paid was the leading deduction, \$207 billion, 9 percent more than 1996. The interest paid consisted almost entirely of deductible home mortgage interest paid to financial institutions, amounting to \$194 billion. The deduction for taxes paid increased sharply, by 10 percent, to \$184 billion, while the deduction for charitable contributions increased even more sharply, by 19 percent, to \$101 billion.

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Statistics for 1995 on tax-exempt, nonprofit charitable organizations are included in two articles which show there were 181,000 returns filed by public charities and another 48,000 by private foundations. There were also 344,000 charitable organizations that were not required to file, most of them churches, other religious organizations, or small-size organizations. Total assets of nonprofit charitable organizations, excluding foundations, surpassed \$1 trillion for the first time. These organizations also reported receiving revenues of \$663.4 billion, an increase of 13 percent over 1994. Over 42 percent of these revenues were reported by hospitals. Private foundations, reported assets of nearly \$263.4 billion and revenue totaling \$32.3 billion. Foundation revenue was up 8.1 percent compared to 1994. Statistics are also provided on the nation's 2,700 nonexempt charitable trusts, as well as on certain other classes of tax-exempt organizations.

The final two articles relate to international income and taxation. During 1996, there were 1,199 U.S. persons, mostly corporations, that reported operations in countries known to participate in an international boycott unsanctioned by the United States. Of this number, 189 reported receiving requests to participate in a boycott, 39 actually agreed to participate, and 22 reported a loss of U.S. tax benefits as a result. The last article reviews the entire Statistics of Income program on international income and taxation.

Historical statistics include quarterly data on tax collections and refunds for Fiscal Years 1987-1998, and current excise tax statistics through the third quarter of Fiscal Year 1998. Income and tax data are also presented based on returns filed by individuals, corporations, and unincorporated businesses.

The *Statistics of Income Bulletin* is available from the Superintendent of Documents, U.S. Government Printing Office, P.O. Box 371954, Pittsburgh, PA 15250-7954. The annual subscription rate is \$30 (\$37.50 foreign); single issues cost \$19 (\$23.75 foreign). For other data, write the Director, Statistics of Income Division OP:RS:S, Internal Revenue Service, P.O. Box 2608, Washington, DC 20013-2608; check the World Wide Web at <http://www.irs.ustreas.gov>; or telephone the SOI statistical information services office at (202) 874-0410 (by e-mail, sis@soi.irs.gov; by fax (202) 874-0964).

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